August 2016

HALF-YEAR REVIEW 2016

Economic | Capital Market

FirstBanC Research

FIRSTBANC FINANCIAL SERVICES

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Table of Contents

Executive Summary

The economic recovery continued for the first half of 2016. Growth has picked up according to first quarter estimates, although inflation remains stubbornly high. The Central Bank maintained its tight monetary policy but production problems in the oil and gas sector led to an underperformance of government's revenue targets, causing a slight budget overrun. We expect inflation to fall in the second half as the effects of the Cedi's stability begins to take effect, at which point interest rates should decline in line with lower inflationary expectations.

The local bourse performed poorly in the first half of the year compared to the same period in 2015. The persistently high interest rate regime in the fixed income markets, the increase in non-performance loans of listed banks and low crude oil prices dampened investor confidence in the equity market. The GSE Composite index posted a negative return of 13.41% in the first half, as compared to 4.03% reported end of first half 2015. However, the stock market is expected to rally in the second half as company fundamentals are expected to improve going forward.

Economic Review

Economic Growth picks up

Ghana's oil GDP grew by 4.9% in the first quarter of 2016, up from 4.5% in the first quarter of 2015, and amounting to a total of GH¢37.5bn (real GDP of GH¢8.1bn based on constant 2006 prices). The quarterly results show a decline in industry's performance, as the sector's output dropped by 1.1%. The agriculture sector grew by 2.8% and the services sector led with 8.8% growth. The services sector also saw its biggest share of GDP on record, having contributed 60.1% of first quarter GDP (52.6% of real GDP), whilst Industry made up 27.7% (real GDP: 25.2%). Agriculture's share dropped to 12.2% of GDP (22.2%).

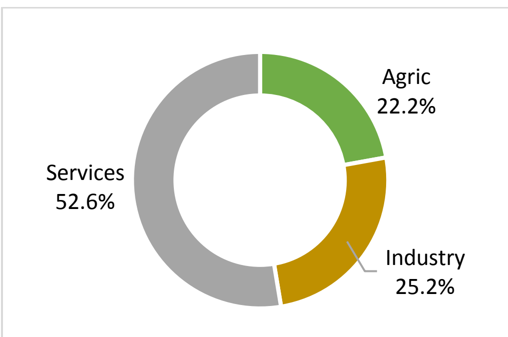

Figure 1: Sectoral distribution of real GDP

Agriculture's growth was driven by expanding production of livestock (7%) and crops (3%), including cocoa, over the first quarter as compared to the first quarter of 2015; however, fishing was lower (-4%). The industrial sector saw growth in the construction (0.3%), electricity (25%), water and sewerage (11.1%) sub-sectors, but recorded a sharp decline in mining and quarrying activities (-13.7%) as result of the decline in global commodity prices. The major growth drivers for the services sector were ICT (19%) and real estate and other administrative and professional services (9%), although all other sub-sectors within the sector recorded growth as well. Finance and insurance activities grew by 5.7%.

Public Finances

Fiscal Position sees slight overrun

Following the Government's success at keeping within spending limits in 2015 and a three percentage-point drop in the annual budget deficit, the fiscal position remained within target during the first two months. However, the deficit deviated sharply from budget targets in the next three months due to heavy shortfall in the realization of actual retention amounts as compared to the budgeted amount.

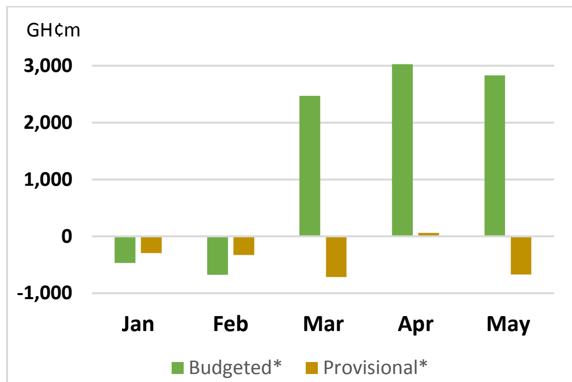

Figure 2: GoG Fiscal balances (including divestiture and discrepancies) Jan –May 2016

Taxes on oil and non-oil companies were 12% and 13% lower than projected respectively, with personal taxes also recording a shortfall. Taxes from international trade were also 4% lower, with SSNIT contributions ending at 47% below expected amounts. However, grants and taxes on domestic goods and services were fairly in line with budgeted amounts. The biggest shortfall in revenue came from non-tax revenue, where a budgeted amount of GH¢11.1bn from retention ended the period at just GH¢1.42bn (82% less). As a result, total revenue and grants were 45% lower than expected, ending at GH¢13.46bn (8.1% of GDP) instead of the budgeted GH¢24.6bn (15.5% of GDP).

On expenditure, employee compensation remained in line with expectations, although a higher outcome in wages and salaries paid was offset by a lower welfare payments. Domestic and external payments were also 4% lower than budgeted amounts, as capital expenditure saw a 32% cut over the period. This led to a 12% shortfall in budgeted expenditure, which stood at GH¢15.4bn (9.2% of GDP) as compared to the budget figure of GH¢17.4bn (11% of GDP).

The overall commitment balance was 127% worse, ending at a deficit of GH¢1.95bn instead of a GH¢7.1bn surplus. Taking arrears, divestiture and discrepancies into consideration, the overall balance showed a 20% deviation from budgeted amounts, ending at a deficit of GH¢4.18bn (-2.5% of GDP) instead of GH¢3.49bn (-2.2% of GDP).

Public Debt creeps higher

The debt situation has seen little improvement over the half year, with domestic debt growing from GH¢40.3bn at end of 2015 to GH¢43.2bn as at end of May 2016. Similarly, external debt amounted to GH¢61.9bn (39.1% of GDP) at the end of the first five months, up from GH¢59.9bn in December 2015. Total public debt added up to GH¢105.1bn (66.4% of GDP), having increased each month from GH¢100.2 in December 2015.

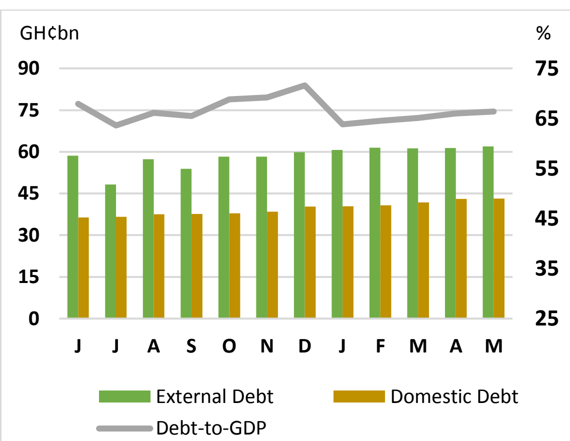

Figure 2: Ghana Public Debt June 2015 – May 2016

Nonetheless, the growth in debt has slowed significantly. Along with rising growth in nominal GDP, this has resulted in an improvement in the debt-to-GDP ratio, from 71.6% at end of 2015 to 66.4% as at May 2016.

Monetary Environment

Exchange rates steady

The Ghana Cedi has largely held its own against the major trading currencies this year. Stability in the local currency has been mainly driven by tight monetary conditions in Ghana, prudent fiscal management and rising levels of foreign direct investments uncertainties.

	2016	2015	2014
US dollar	-3.34	-26.20	-27.99
British pound	7.84	-27.14	-30.06
Euro	-4.92	-19.65	-27.05

Table 1: Ghana Cedi's half-year performance against major trading currencies (%)

Between January and June 2016, the Cedi lost 3.34% against the US dollar, which marks a significant improvement from the last two years. In 2014 and 2015, the local currency had depreciated by 28% and 26% respectively against the dollar over the first six months. The Cedi lost some ground against the dollar in February on expectation of a Fed rate hike, but a lack of action on the part of the Fed at that meeting and subsequent ones has led to stability in the dollar's value. The Cedi also lost 30% and 27% against the pound over the first half of 2014 and 2015 respectively, but gained 7.84% on the pound over the same period in 2016. The pound initially suffered on the back of a potential exit from the EU, and dropped to 30-year lows following the June 23 referendum that saw British voters choosing to leave the economic union. The performance against the euro was similar to that of the dollar, with the cedi losing just 4.9% between January and June 2016, compared with 27% in 2014 and 20% in 2015.

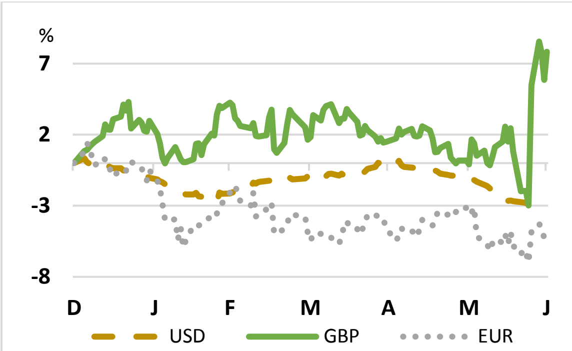

Figure 2: Ghana Cedi YTD vs major currencies (%)

The Central Bank's actions on the forex market, as well as increasing investor confidence in Ghana's economic management following the onset of an extended credit facility with the IMF, has successfully limited the previous years' speculative activities. In addition, the resumption of donor funding and dollar-denominated borrowing (Eurobond and COCOBOD syndicated loan) have provided much-needed liquidity within the local forex market.

Interest Rates stable but still high

The Central Bank's key policy tool, the monetary policy rate, has remained at 26% throughout the first half of 2016. The policy rate had been increased to 26% in November 2015 in response to rising inflation and has been maintained by the monetary policy committee due to persistently high inflation.

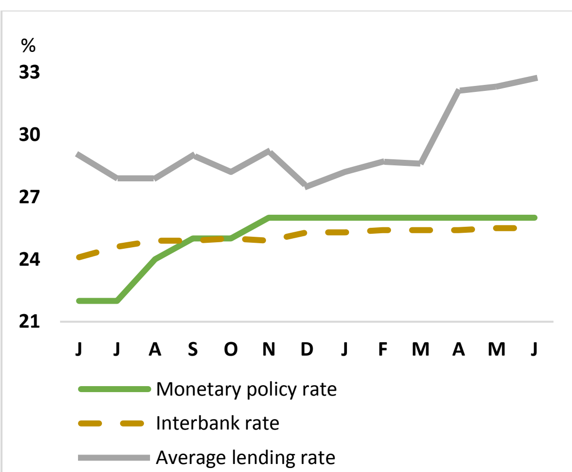

Figure 3: Interest rates - June 2015 to June 2016

Over the period, the interbank rate has seen little change, remaining between 25.3% (January) and 25.5% (June). However, the interest rates on bank lending to households and firms have risen by more than 500 bps, from 27.5% in December 2015 to 32.7% in June 2016. The rise has been driven by the tight monetary conditions, as well as increasing default risks from both private and public sector borrowers, which has been accompanied by a steady rise in non-performing loans.

Inflation still too high

The inflation rate ended 2015 at 17.7% and rose sharply to 19% in January as a result of the utility tariff adjustments and fuel price adjustments that affected transport prices. The continuing effect of these increases and a subsequent fuel price increment in May has caused the inflation rate to remain above 18%. The figure for June 2016 stood at 18.4%, slightly down from 18.9% in May but higher than the 17.1% recorded in June 2015. The government has a year-end inflation target of 10.1%, whereas the BoG expects inflation to slow to 8+/-2% by the third quarter of 2017.

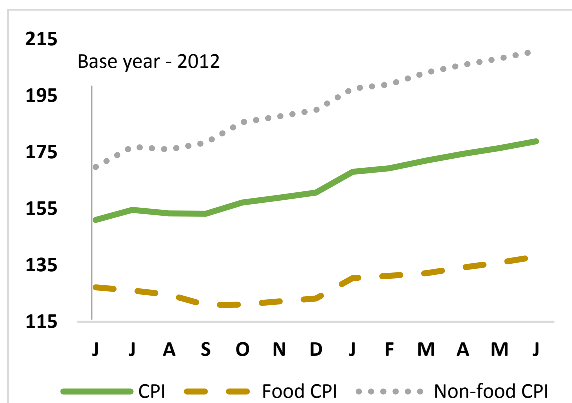

Figure 4: Consumer Price Index - June 2015 to June 2016

At 24.1%, inflation in the non-food group remains the main driver of inflation. Within this group, inflation in the transport and housing, water, electricity and other fuel subgroups have been consistently higher than the group's average. On the other hand, food inflation stood at 8.6% in June 2016, up from 7.3% in June 2015, with an average 8% over the 13-month period.

Balance of Payments

Trade Balance worsens

The nation's trade balance (cumulative) stood at 3.3% of GDP, same as for 2015. However the trade position declined on a year-on-year basis mainly due to a sharp drop in oil exports. Oil exports for the second quarter were down by 70% compared with the same quarter in 2015, as a result of several production challenges with the FPSO Kwame Nkrumah at the Jubilee field. The facility has been shut down on a number of occasions this year due to problems with its turret bearings. In contrast, receipts from gold exports rose by about 36% between April and June 2016 due to higher global prices for the heavy metal. Despite low prices for cocoa over the period, receipts from the export of cocoa beans and other products rose by 3% as the production and exports were higher than the low levels seen in 2015. Total trade exports dropped by 5.8%, from $2.7bn in the second quarter of 2015 to $2.54bn in second quarter 2016.

Imports for the second quarter amounted to $3.2bn, down by 2.5% from $3.28bn in 2015. As a result, the trade position worsened from a negative balance of $576m in 15Q2 to $651m in 16Q2.

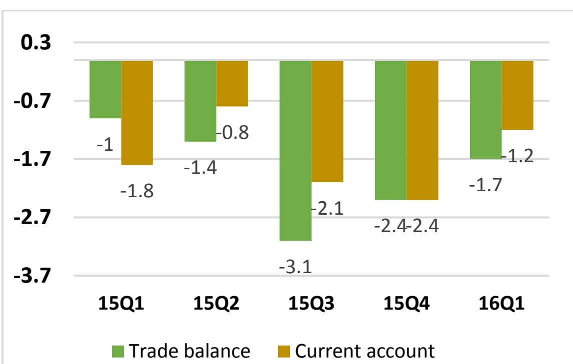

Figure 5: Current Account and Trade balance - % of GDP

Cocoa beans and products contributed 22.4% of Ghana's export proceeds for the second quarter, compared with 20.5% in the same quarter of 2015. Likewise, the share of gold exports rose to 44%, from 30.9% in 15Q2. Oil exports dropped from 24.1% to 7.7%, whilst other exports, including non-traditionals, amounted to 25.3% of total receipts.

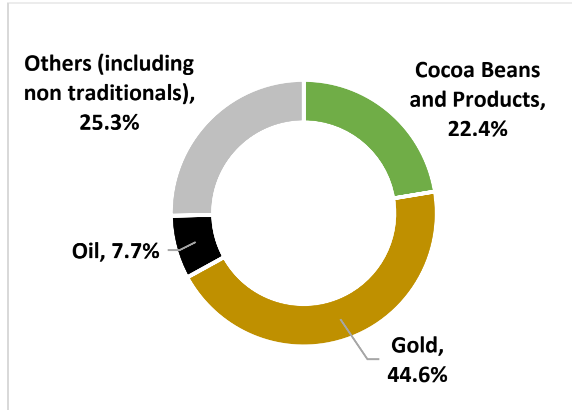

Figure 6: Export Proceeds by commodity – 16Q2

Capital Account improves significantly

The capital account has recorded a sharp improvement since June 2015, having recorded net inflows for the three quarters since. Capital inflows amounted to $7.8m between January and March 2016, a decline from the $2.47bn inflow recorded in the last quarter of 2016, but still an improvement over a deficit of $280m recorded for the same period in 2016. A large proportion of these inflows have come from IMF facilities, proceeds from a Eurobond issue and the COCOBOD syndicated loan.

The balance of payments, as at March 2016, stood at 1% of GDP, with gross foreign reserves at 3.2 months of import cover.

Outlook for second half

We expect economic growth to improve, especially as crude production from the TEN fields come online. In addition, increased government spending on projects prior to the December election should support spending. However, risks to growth include problems with drilling at the Jubilee oil fields and the effect of low power supply on industry and businesses.

The Ghana Cedi is likely to maintain its stability over the second half, although the pass-through effects of this outcome may not be able to offset the upside risks to inflation from recent utility and fuel price adjustments. The inflation rate will likely end the year above the Central bank's 2016 year-end target of 10%.

Capital inflows will receive a boost in the second half from the third tranche of the IMF extended credit facility which Ghana is largely expected to receive, as well as the proceeds from the COCOBOD syndicated loan. The current account should is likely to improve due to the coming on-stream of crude production in the TEN fields, although the risks from curtailed production in the Jubilee fields remain high.

Capital Market Review

Fixed Income Market

Steady Yields on GoG Treasuries

Demand for Government treasuries for the first quarter increased considerably by about 17%. Nonetheless, treasury rates remained relatively stable over the period. Apart from the 1-year and the 7-year notes which remained unchanged at 23% and 18% respectively within the first half of 2016, all others experienced some volatilities over the period.

The 91-day treasury closed the first half at 22.79% (25.23%: 1H15) and the 182-day bill at 24.62% (25.85%: 1H15). The 2-year note recorded an all year high beginning of June and closed the first half at 24.5% (23.0%: 1H15); the 3-year note and 5-year note both closed the first half at 24.5% (23.47% and 21.0% respectively in 1H15)

	June 2016	December 2015	June 2015
91-day	22.79	22.79	25.23
182-day	24.63	24.36	25.85
1-year	23.00	23.00	22.50
2 year	24.25	23.30	23.00
3 year	24.50	24.50	23.47
5 year	24.50	24.00	21.00

Table 2: Treasury Rates - end of June & December 2015, June 2016

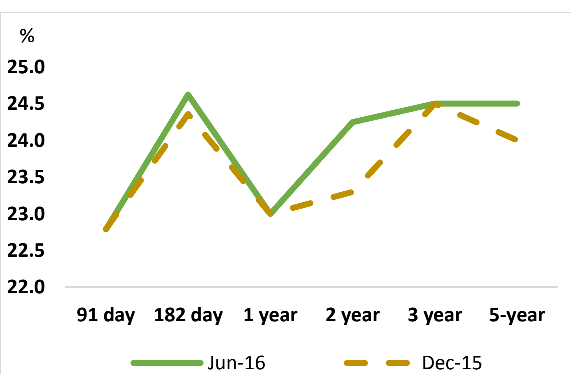

Figure 7: Yield Curve: Jan and June 2016

Investors purchased a total of GH¢26.74bn (GH¢23.53bn: 1H15) in short term treasury auctions over the period, making up 84.74% of the entire sales. Compared to the same period 2015, the subscription of the 91-day and 182-day treasuries (short term treasuries) increased at about 14%.

However, investors bought GH¢4.61bn (15.26% of total sales) of long term treasuries auctioned during the period as compared to GH¢2.46bn in 1H15, representing year-on-year increase of 97%.

Due to the high interest rate regime in the economy, investors increased their assets in fixed income securities, however, demand for longer term treasuries increased faster than shorter term treasuries due to the bearish outlook of shorter term treasuries.

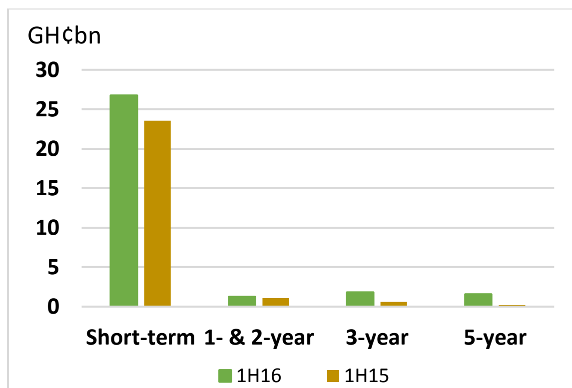

Figure 8: Total Securities sold – 2015 and 2016

Rising interest in Ghana Fixed Income Market

With the launch of the Ghana Fixed Income Market (GFIM) Platform, a total of fourteen securities which comprise of Government treasury bills and bonds, cocoa bill and corporate bonds have been listed on the platform.

These securities have their maturities ranging between of two weeks and seven years. The E-bond Platform which is powered by Bloomberg recorded a total of 866 trades executed within the first half of the year. However, the OTC market which is managed by the Central Securities Depository (CSD) dominated the secondary market trading of Fixed Income securities, recording a total of 23,940 transactions over the same period.

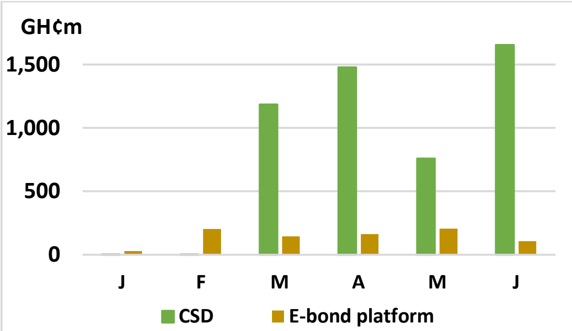

Figure 9: Value of trading on CSD and E-bond platforms – 1H16

The year began with the E-bond platform trades dominating the CSD trades. The OTC platform took over in the month of March in the trading of fixed income securities due to the cost of the E-bond platform.

Equity Market

Market Capitalization and Indices slide further

The local bourse (the Ghana Stock Exchange) ended the first half of 2016 with the market index (GSE–CI) sliding 10.40%, as compared to a 4.03% gain posted same period 2015.

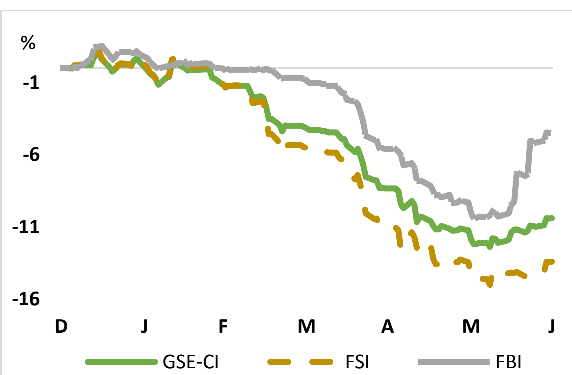

Figure 10: Index Performance – 1H16

The Financial sector also performed poorly as the Financial Stock Index (FSI) witnessed a 13.41% contraction, compared to 6.73% gains realised in 1H15. The FirstBanC Index (FBI) which measures the performance of a selected equities on the GSE rolled back 4.45% in the first half as compared to a 1.40% marginal growth posted in 1H15.

The market cap fell by 4.07% as seven (7) sectors of the Market posted losses, compared to a 0.41% expansion recorded in 1H15.

The Petroleum sector witnessed a drop in value of its share of the market, nonetheless, the sector was again the largest contributor to the overall market capitalization. The sector within the period recorded a total capitalization of GH¢26.30bn, making up 48.05% of the entire market.

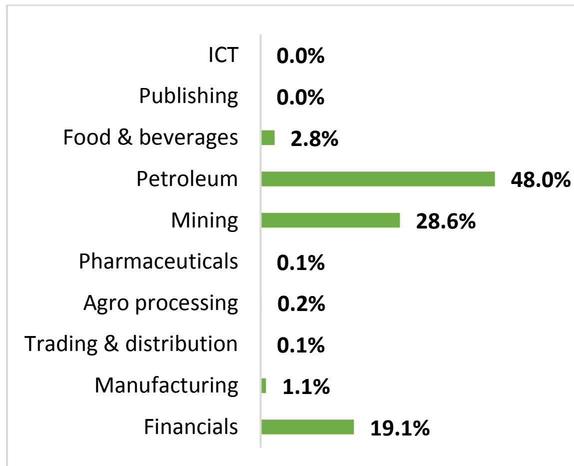

Figure 11: Market cap by sector – 1H16

TLW continued to be the major contributor to the market cap adding up to GH¢25.32bn (46.26%), almost half of the entire market capitalization.

The mining sector overtook the financial sector to become the second major contributor to the market cap; it was valued at GH¢15.63bn (28.55%) as compared to GH¢15.53bn in June 2015. The financial sector came in third, valued at GH¢10.47bn (19.12%), compared to GH¢15.98bn in 1H15.

Food and Beverage industry followed with GH¢1.56bn, Manufacturing industry grew 4.41% to GH¢613.67m, Agro Processing fell 42.03% to GH¢101.27m, while Trade and Distribution, Pharmaceuticals, ICT and Publishing contributed GH¢37.82m (0.07%), GH¢31.00m (0.06%), GH¢3.42

(0.01%) and GH¢2.06m (0.004%) respectively to total market value.

Trading Volumes and Value contract

Due to bearish market sentiment over the first half, trade volumes fell sharply by 49.18% to 63,049,844 shares, from 124,069,200 share in first half 2015.

Investor interest in financial stocks remained high in the first half of 2016 with investors trading a total of 39,699,255 shares, which constituted 76.34% of the entire volume of trading.

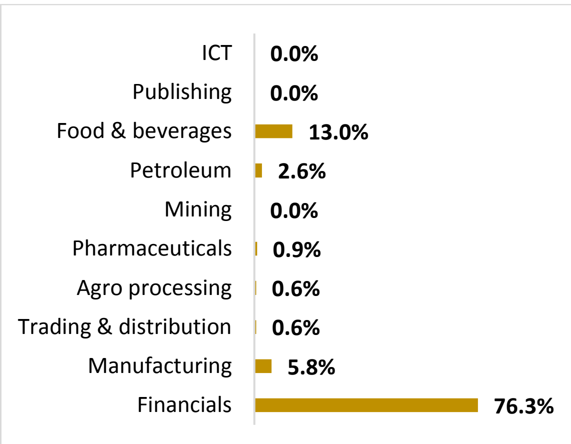

Figure 12: Volume traded by sector – 1H16

The food and beverage sector followed closely, recording 6,763,684 shares (13.01%) traded with manufacturing stocks trading 3,041,174 shares (5.85%) over the half year. Petroleum contributed 2.63%, Pharmaceutical 0.92%, Trade & Distribution 0.62%, Agro Processing 0.58%, ICT 0.04%, Publishing 0.01% and the Mining 0.001% to the total volume of trading, less than 3% of the total.

Value traded rose 25.75% to GH¢137,048,071.75 from GH¢108,715.70 posted in 1H15. Falling prices in large cap stocks especially in the financial sector, moved investors to a sell-off. The financial sector recorded the highest value of trading in 1H16.

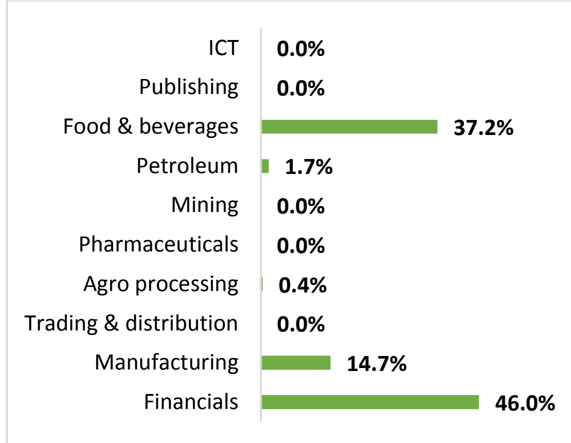

Figure 13: Value traded by sector – 1H16

The financial sector traded GH¢62,464,859.45 worth of shares representing 45.98% of the entire value, compared to GH¢78,685,528.09 in 1H15. The food and beverage sector came in as the second highest, recording GH¢50,541,011.32 (37.21%) in trading value, with investors showing significant interest in Fan Milk stocks. Manufacturing saw GH¢19,968,958.84 (14.7%) in value traded and Petroleum added up to GH¢2,265,070.56 (1.67%). Other contributors include; agricultural sector with GH¢552,462.10 (0.41%), pharmaceuticals at GH¢12,362.38 (0.01%), mining with GH¢1,320.80 (0.001%), ICT GH¢635.22 (0.0005%) and Publishing with GH¢232.36 (0.0002%) worth of trading.

Market Movers

The first half 2016 was generally bearish with only six listed equities posting gains, thirteen stocks trading at par and twenty three recording losses.

Top Five Gainers			
Ticker	Year open (GH¢)	1H16 Close (GH¢)	Gain (%)
BOPP	2.50	2.90	16.00
FML	7.35	8.50	15.65
SIC	0.14	0.15	7.14
SCB P.	0.71	0.74	4.23
EGL	2.40	2.42	0.83

Table 2: Top Gainers_GSE – 1H16

Top Five Losers			
Ticker	Year open (GH¢)	1H16 Close (GH¢)	Loss (%)
ACI	0.02	0.01	-50.00
CPC	0.02	0.01	-50.00
SPL	0.04	0.02	-50.00
PBC	0.10	0.06	-40.00
ALW	0.14	0.09	-35.71

Table 3: Worst losers_GSE – 1H16

Other losers were; AYRTN (-33.3%), ETI (-29.6%), PZC (-29.4%), TOTAL (-21.8%), CAL (-20%), GCB (-19%), SCB (-12.6%), UTB (-10%), HFC (-8.9%), GGBL (-7%), EGH (-5.9%), TBL (-5.4%), MLC (-5.3%), SOGEGH (-3.8%), GOIL (-2.9%), GLD (-0.5%), TLW (-0.3%) and UNIL (-0.2%).

The Ghana Alternative Exchange (GAX)

The GAX is an exchange established by the Ghana Stock Exchange to provide an avenue for small and medium scale enterprises to raise funds for their businesses through the listing of debt and equity securities.

There were four companies listed on the GAX at the end of the first half of 2016. These include; SAMBA Foods (SAMBA), Meridian-Marshalls Holding (MMH), HORDS (HORDS) and Intravenous Infusions Limited (IIL).

The GAX saw a total of 10,297,355 shares being traded in the first half of the year. HORDS was the most liquid stock on the GAX trading a total of 8,551,110 shares representing 83.04% of total shares traded. IIL was the second most liquid, trading a total of 1,208,472 shares (11.74%). SAMBA traded 537,673 shares (5.22%) whereas MMH traded 100 shares making up 0.001% of the total volume in 1H16.

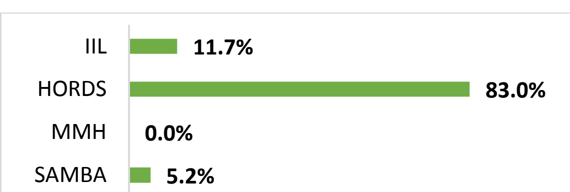

Figure 14: Volume traded_ GAX – 1H16

Total value traded on the GAX stood at GH¢1,187,504.77. HORDS had the largest share of the value traded, trading a total of GH¢686,230.00 (57.79%) over the period. SAMBA traded GH¢392,501.29 worth of shares making up 33.05% of the total trade. IIL traded GH¢108,762.48 (9.16%) and MMH traded GH¢11.00 (0.001%).

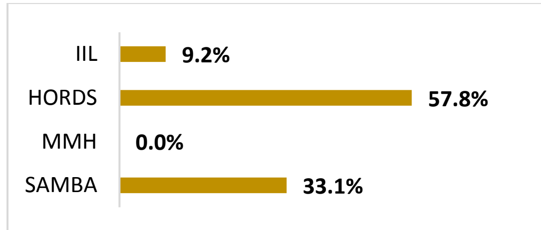

Figure 15: Value traded_ GAX – 1H16

The total market capitalization of the GAX as at the end of June 2016 stood at GH¢46.82m.

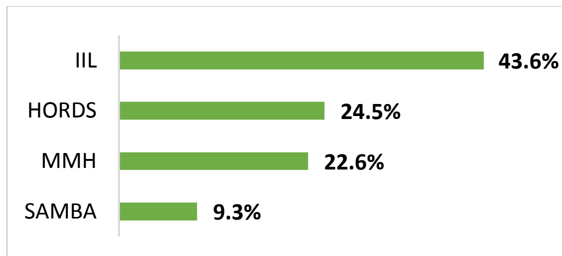

Figure 16: Market cap by firm_ GAX – 1H16

IIL had a total market capitalization of GH¢20.40m (43.56%), HORDS added up to GH¢11.49m (24.55%), with MMH and SAMBA contributing GH¢10.57m (22.57%) and GH¢4.36m (9.32%) respectively.

Significant Events

Corporate Actions

The General Manager of BOPP, Mr. Samuel Avaala Awonnea was appointed to serve on the company's board as Executive Director after the departure of one of the company's directors, Mr. Arachichige Suriyapperuma. His appointment is expected to support effective decision-making and corporate governance.

Standard Chartered Bank (SCB), appointed Mr. David Adepoju as a Non-Executive Director of the bank. This took effect on February 11, 2016. Mr.

Adepoju is an expert in asset and liability management, market risk and fixed income trading and he is expected to strengthen the bank's treasury and risk management activities.

During the first half of 2016, Trust Bank Limited (The Gambia) made changes in top management and appointed new officers to serve on its board. Mr. Ibrahima Salla and Mrs. Njilan Senghore-Njie were appointed Managing Director and Deputy Managing Director respectively. They were further elevated to serve on the company's board as Executive Directors. Mr. Pa Macoumba Njie retired as the Managing Director of the bank, although he remains on the company's board as a Non-Executive member. Miss Fatou Lili Drammeh was also appointed as Company Secretary. The changes in the bank's top management was to fill vacant positions. These actions are expected to return the bank to a growth path, after recent decline in profitability.

Uniliver Ghana appointed Ms. Nana Yaa Kissi, a seasoned marketer as the Brand Building Director taking over from Mr. Clarence D. L. Nartey after his resignation. Her appointment took effect from March 14, 2016. Her appointment is likely to drive the company's top lines through her multi country and category experience.

Mr. Emmanuel Idun gave way to Mr. Daniel Larbi-Tieku as the company's Chief Financial Officer (CFO), with effect from April 1. However, Mr. Idun remains with the Group working on special projects. Mr. Larbi-Tieku is expected to function in all strategic and tactical matters as they relate to budget management, cost benefit analysis, forecasting needs and the securing of new funding to fund the company's operations.

ETI, the Parent Company of the Ecobank Group appointed the Managing Director of its Ghanaian subsidiary, Mr. Samuel Ashitey Adjei, as the Managing Director of its recently combined region, Central, Eastern and Southern Africa (CESA) Countries. Mrs. Laurence do Rego Financial Controller of ETI was also appointed as Group Executive of Commercial Banking Business in Lome.

Mr. Adjei, during his term in EGH grew the bank to number one position in Ghana; he is expected to replicate same in the CESA regions. He stepped down as Managing Director of Ecobank Ghana Limited March 20, 2016, to take up the new post.

Danone Group indirectly increased its stake in FML to 49%, which led to the replacement of Mr. Kodjo Aziagbe with Mr. Pierre Armangau as Non-Executive Director of the company's board.

Mr. Simon Dornoo left GCB after serving a six (6) year tenure as Managing Director to "pursue other interests." Mr. Samuel Sarpong, the Bank's Chief Operating Offer was appointed to act as Managing Director for the interim until the board finds a new replacement. Investors did not react to his departure, which was due to an expiration of his contract. Also, Mr. Socrates Afram, Chief Finance Officer (CFO) of the bank was appointed to serve on the company's board as Director. The appointment was effective on March 23, 2016.

Mr. Daniel Asiedu, former Managing Director of Zenith Bank Ghana Limited, replaced Mr. Stephen Kpordzih as the Managing Director of ADB. His appointment was effective March 1, 2016 after Mr. Kpordzih in a letter to the board stated his intension not to extend his contract after it expired on January 31, 2016. Mr. Asiedu previously led Zenith Bank to significantly grow its Assets and Deposits, and he is largely expected to drive a turnaround at ADB.

Listings

Shareholders of MAC sanctioned a debt to equity conversion in favour of Databank EPACK Investment Fund Limited at their AGM. This action caused an increase in MAC's number of shares outstanding to 9,948,576 shares.

AGA increased its total shares outstanding three times in the first half of the year, all through the AGA Share Incentive Scheme. The first increment was in January, the second was in February and the third in May. The total shares listed was increased from 404,125,002 to 406,686,525 at the close of the first half of 2016.

Ghana Oil Company Limited (GOIL) launched a renounceable rights issue programme to raise capital for strengthening the equity base of the company and to finance special projects that will enhance the competitive stance of the company. The company raised a total of GH¢176,574,018.42 out of the expected GH¢173,153,153.60. The corresponding number of shares applied for under the offer was 142,398,402 compared to the new shares on the offer which was 139,639,640 shares. GOIL added 139,639,640 shares to bring their total number of shares outstanding to 391,863,128 shares. The successful offer means GOIL will be able to pursue its strategic goal of consolidating its capital base pursuing special projects that will enhance the competitive stance of the company, boosting the company's market value.

GGBL launched a GH¢180m renounceable rights issue for 96,256,685 ordinary shares. The offer was successful, generating an increase in GGBL's shares outstanding to a total of 307,594,827 shares listed on the GSE. The proceeds of the offer will be used to reduce the company's intercompany debt and overdrafts. GGBL is expected post a positive bottom line in the second half due to a significant reduction in interest payments.

Pursuant to a share purchase transaction, Diageo Highlands B.V., a wholly owned subsidiary of Diageo Plc acquired the entire issued share capital of Heineken Ghanaian Holdings B.V. Diageo Highlands B.V. now directly holds 52.42% of the issued shares in GGBL and 20% through Diageo Ghanaian Holdings Limited.

UT Bank Limited (UTB) held an EGM on May 4, 2016 and received approval from its shareholders on a special resolution to amend the bank's regulations, regulation 7, which amended the bank's registered shares (ordinary) to 5,000,000,000 of no par value. The EGM also approved a renounceable rights issue and private placement offer to raise a minimum of GH¢200,000,000 in additional capital. The offer is intended to shore up the stated capital of the bank to bring it in line with regulatory requirements. A further proposed sum will be used to pay off partner banks to restore UTB's access to trade lines and to allow the bank complete key elements of a Medium Term Turnaround Plan covering the period 2015 – 2018. However, the bank is yet to open the offer for the renounceable rights issue. Investor confidence in UTB has dropped considerably due to information gap and uncertainty about the future prospects of the bank, causing a drop in market price.

Following news of a shutdown, Management of CPC said in a press statement that they had postponed a planned maintenance exercise during Christmas holidays to fulfil some business contracts over the holiday period. As a result, it had become necessary to ask workers to take their annual leave so that maintenance works could be undertaken, with production resuming after the maintenance exercise. Before the break in operations, CPC's top lines had reduced considerably and the shutdown is expected to affect their revenues and profits this year. Investors were not enthused about the company's prospects, prompting a sell off.

The Securities and Exchange Commission (SEC) approved an extension of ADB's IPO offer period which was to close February 26; the period was extended to March 24 instead. A petition was sent by staff of the bank to SEC on claims that the bank's Directors had not acted professionally during the IPO. After the offer had been closed, the Board refused to sign off on the IPO due to some investors obtaining shares below the offer price. As a result, the IPO was cancelled, although company officials have expressed a desire to re-launch the offer.

Outlook for Second Half

We expect economic conditions to improve in the second half of the year as inflation pressures wane and the currency environment remains stable. With a much improved energy situation, we are optimistic about the fundamental performance of listed equities, especially in the manufacturing sector. The IMF programme is also expected to help instill fiscal discipline going forward, most importantly this year being an election year. The capital market is expected to perform better this year as inflation rate is expected to end the year above the government's 10% target, but significantly lower than 18.4% posted in June 2016.

With a more stable power supply, stable currency, and the onset of crude production from the TEN Oil Fields, the Food and beverage, Manufacturing, Insurance, Petroleum and Financial sectors are expected to hold up the equity market in the second half of the year. On the contrary, lower global commodity prices will continue to affect the mining and agricultural sectors adversely.